

Message Text

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ORIGIN EUR-25

INFO OCT-01 NEA-10 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03

INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 IO-14 PA-04

USIA-15 PRS-01 AF-10 ARA-16 EA-11 /234 R

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DRAFTED BY: EUR/RPE:JTARRANT/EB/ORF/FSE:LRAICHT

APPROVED BY: T:DONALDSON

EB/JKATZ

NSC:CCOOPER

AEC:GOMENN

S/S:SRGAMMON

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C O N F I D E N T I A L STATE 070073

BEIRUT POUCH TO BAGHDAD
KUWAIT POUCH TO DOHA

E.O. 11652: EXEMPT
TAGS: ENRG, ECOM, BE
SUBJ: ENERGY COORDINATING GROUP MEETS IN BRUSSELS,
APRIL 3 - 4

SUMMARY:DAVIGNON (BELGIUM) PRESIDED IN ABSENCE OF OCKRENT
WHO WAS TAKEN ILL. REPORTS RECEIVED ON PROGRESS MADE BY
VARIOUS ECG WORKING PARTIES. MAJOR SUBSTANTIVE DISCUSSION
OF MEETING CENTERED ON UNDER SECRETARY DONALDSON'S OPENING
STATEMENT WHICH OFFERED A BROAD POLITICAL ORIENTATION TO
GROUP'S EFFORTS BY PROPOSING A SET OF INTERRELATIONSHIPS
TO LINK VARIOUS SECTORS OF ECG WORK PROGRAM, ESPECIALLY A
CONTINGENCY PLAN FOR BURDEN SHARING DURING EMERGENCIES BY
MEANS OF PACKAGE MEASURES COMPRISING STOCKS, DEMAND
RESTRAINTS, STAND-BY PRODUCTION AND OIL SHARING. DISCUSSION
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OF CONSUMER-PRODUCER RELATIONS REVEALED WIDENING CONSENSUS
AGAINST UNPREPARED MEETING WITH PRODUCERS. KEY COUNTRIES
EXPRESSED OPPOSITION TO MEETING DIRECTED TOWARD COMMODITY
AGREEMENT. ON OTHER HAND, AGREEMENT REACHED ON DESIRABILITY
EARLY, INFORMAL CONTACTS WITH PRODUCER COUNTRIES. EXTENSIVE
DISCUSSIONS ON SPECIAL SESSION OF UN GENERAL ASSEMBLY
RESULTED IN DECISION TO HAVE BILATERAL DISCUSSIONS WITH
PRODUCERS IN NEW YORK ON BASIS OF AGREED GUIDELINES. U.S.

AGREED TO PREPARE PAPER BY MAY 1 ON INTERNATIONAL PETROLEUM
MARKET OUTLOOK AND TO ASSIST WITH SEVERAL OTHER PAPERS.
AGENDA AGREED FOR NEXT ECG MEETING WHICH WILL BE MAY 2 - 3
IN BRUSSELS, PRECEDED BY MAY 1 MEETINGS ON PETROLEUM MARKET

OUTLOOK AND ROLE OF COMPANIES; ECON/FINANCIAL WORKING PARTY TO MEET ON MAY 2 AND REPORT TO ECG MAY 3. END SUMMARY.

1. PRESENTATION OF US OVERVIEW TO ECG. AT OUTSET MEETING AND IN ADVANCE REGULAR AGENDA, DONALDSON MADE STATEMENT DESIGNED TO GIVE DIRECTION TO ECG WORK BY INDICATING INTER-RELATIONSHIP BETWEEN INTEGRATED CONSUMER COOPERATION PROGRAM AND RELATIONS WITH PRODUCERS. EMPHASIS ON ESSENTIALLY HIGH DEGREE CONSUMER COOPERATION UNDERSCORED NEED FOR GENUINE POLITICAL COMMITMENT IF WORK OF ECG TO BE PRODUCTIVE. MAIN POINTS COVERED WERE: A) SUMMARY OF US VIEW OF ENERGY OUTLOOK IN SHORT AS WELL AS LONG RUN; B) NEED FOR EMERGENCY-BURDEN-SHARING PACKAGE COMPRISING STOCKS, DEMAND RESTRAINT, STAND-BY PRODUCTION AND OIL-SHARING; C) OUTLINE US VIEWS ON CONTENT DISCUSSIONS WITH PRODUCERS WHICH SHOULD BE HELD AGAINST BACKGROUND COOPERATIVE CONSUMER EFFORTS IN FIELDS OF CONSERVATION, INCREASED ENERGY PRODUCTION AND EMERGENCY PACKAGE. HE SUGGESTED THAT ECONOMIC IMPLICATIONS OF CURRENT OIL PRICES AND MARKET OUTLOOK BE EXPLAINED TO PRODUCERS TO PROVIDE USEFUL BASIS FOR DISCUSSION WITH PRODUCERS DESIGNED TO ENCOURAGE THEM TO REFLECT THEIR LONG-RUN INTEREST IN MORE REASONABLE OIL PRICES.

2. US INITIATIVE IN SETTING FORTH BROAD APPROACH WAS WELCOMED BY MOST DELEGATIONS, ALTHOUGH MANY RESERVED COMMENTS PENDING OPPORTUNITY TO REFLECT ON IDEAS PRE-CONFIDENTIAL

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SENTED. FRG, DENMARK, NORWAY, AND IRELAND THOUGHT US MARKET FORECAST SOMEWHAT OPTIMISTIC BUT SAID WOULD PREFER TO RESERVE JUDGMENT ON THIS ASPECT UNTIL THEY HAD OPPORTUNITY TO STUDY MORE DETAILED US PAPER ON MARKET OUTLOOK (WHICH UNDERLIES THIS ANALYSIS). THEY ALSO NOTED THAT US LESS DEPENDENT ON ENERGY IMPORTS THAN EUROPEANS AND QUESTIONED WHETHER FULL CONSIDERATION GIVEN TO MORE DEPENDENT CIRCUMSTANCES OF EUROPEANS. FRG CITED ISSUE US ANALYSIS CREATED CONCERNING INVESTMENT IN ALTERNATIVE ENERGY SOURCES IF OIL AGAIN BECOMES AVAILABLE AT REASONABLE PRICES. NETHERLANDS AND JAPAN EXPRESSED SOME CONCERN THAT IDEA OF ANNOUNCING CONSUMER AGREEMENT ON SHARING PACKAGE COULD BE REGARDED BY PRODUCERS AS LEADING TO CONFRONTATION. UK STRONGLY ENDORSED SHARING PACKAGE CONCEPT AS STRENGTHENING CONSUMER HAND IN DISCUSSIONS WITH PRODUCERS. OTHER DELEGATIONS RESERVED COMMENT.

3. DONALDSON RESPONDED THAT OUR PROJECTED REDUCTIONS IN ENERGY USE AND IMPORTS WERE TO SOME EXTENT BASED ON ASSUMED CONSUMER GOVERNMENT POLICY BUT WERE ALSO BASED ON OUR BELIEF THAT CURRENT HIGH PRICES WILL HAVE EFFECT ON OIL DEMAND AS WELL AS ON EXPANDED PRODUCTION. US BELIEVES

SHARING CONCEPT WAS VERY CORE OF THE COOPERATIVE EFFORT ECG ENGAGED IN AND ONE THAT IS FEASIBLE. WE RECOGNIZED NO DELEGATION INCLUDING US DEL PREPARED TAKE DEFINITIVE POSITION AT CURRENT MEETING BUT EXPRESSED BELIEF TIME HAD COME TO BEGIN THINKING AT POLITICAL LEVEL ABOUT THE BROAD OUTLINES OF CONSUMER PACKAGE WHILE WORK ON DETAILS CONTINUES. THERE WAS GENERAL AGREEMENT TO RETURN TO THIS SUBJECT AT NEXT MEETING.

4. PRODUCER/CONSUMER RELATIONS. THIS ITEM WAS MAJOR SUBJECT OF DISCUSSION BOTH AS SEPARATE SUBJECT AND AS PART AGENDA ITEM ON UNGA-SS. NOTICEABLE CHANGE FROM PRIOR ECG MEETINGS WAS GROWING SUPPORT FOR US VIEW THAT ANY CONFERENCE WITH PRODUCERS NEEDED TO BE PREPARED CAREFULLY BY PRIOR AGREEMENT BY CONSUMERS. ONLY DANES AND ITALIANS CLEARLY CONTINUED SPEAK OF NEED FOR EARLY MEETING. MOREOVER WHILE SOME DELEGATIONS (GERMANY AND JAPAN AMONG OTHERS) CONTINUED SPEAK OF NEED FOR PRICE AND QUANTITY ASSURANCES FROM PRODUCERS, THERE WAS NOTICEABLE BACKING CONFIDENTIAL

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AWAY FROM COMMODITY AGREEMENT APPROACH INHERENT IN SUCH ASSURANCE. THIS WAS MADE EXPLICIT BY UK WHICH FORCEFULLY STATED THAT COMMODITY AGREEMENT WOULD RAISE RATHER THAN LOWER PRICES. AGAIN DENMARK WAS PRINCIPAL EXPONENT OF COMMODITY AGREEMENT APPROACH.

5. WHILE THERE EMERGED WIDE CONSENSUS AGAINST CALL FOR MEETING WITH PRODUCERS NOW, THERE WAS STRONG SUPPORT FOR OPENING INFORMAL CONTACTS WITH PRODUCERS BOTH TO DEMONSTRATE "PROGRESS IN WORK OF ECG" AS WELL AS TO SOLICIT PRODUCERS VIEWS ON CONTENT, TIMING AND COMPOSITION OF A POSSIBLE MEETING.

6. EXTENSIVE DISCUSSION TOOK PLACE ON UK OPTIONS PAPER ON PRODUCER/CONSUMER RELATIONS (LONDON 3970). THE UK AGREED TO REDRAFT PARAS 7 (OIL PRICE AND SUPPLY) AND 8 (ECONOMIC COOPERATION) OF UK PAPER IN LIGHT OF COMMENTS BY VARIOUS DELEGATIONS (SEE PARA 4 ABOVE), BUT WISHED DEFER DOING SO UNTIL RECEIPT US PAPER ON MARKET OUTLOOK AND UNTIL THE OUTCOME OF THE UNGA-SS BECAME CLEARER. OTHER ASPECTS OF UK PAPER DISCUSSED UNDER UNGA AGENDA ITEMS (NEXT PARA).

7. UN GENERAL ASSEMBLY SPECIAL SESSION (UNGA SS). EXTENSIVE DISCUSSIONS ON THIS SUBJECT TOOK PLACE OVER COURSE F BOTH DAYS. FOLLOWING CONCLUSIONS REACHED ON MAIN POINTS:
GROUP AGREED THAT BILATERAL DISCUSSIONS OF AN INFORMAL CHARACTER SHOULD BE UNDERTAKEN WITH OIL-PRODUCING COUNTRIES IN NEW YORK DURING THE COURSE OF UNGA SS, BUT THAT NO COUNTRY WOULD PRESENT VIEWS ON BEHALF OF ECG AS A

GROUP. PURPOSE OF CONTACTS IS TO INFORM PRODUCERS OF ECG WORK AND TO EXCHANGE VIEWS ON HOW A DIALOGUE MIGHT BE ESTABLISHED WITH PRODUCERS. SINCE CONSUMER COUNTRY REPRESENTATIVES AT UNGA SS WILL FOR THE MOST PART NOT BE CLOSELY ASSOCIATED WITH ECG EFFORTS, IT WAS AGREED THAT FOLLOWING SET OF TALKING POINTS WOULD CONSTITUTE GUIDELINES FOR DISCUSSIONS: QUOTE

(1) IT WAS AGREED THAT THE INTERESTS OF ALL COUNTRIES SHOULD BE TAKEN INTO ACCOUNT AND THE VIABILITY
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OF THE INTERNATIONAL ECONOMIC SYSTEM UPHELD.
CO-OPERATION ALONE CAN SOLVE THE SERIOUS PROBLEMS
FACING THE WORLD IN THE INTEREST OF ALL CONCERNED.
THESE PROBLEMS INCLUDE:

- MAINTAINING STABLE SUPPLIES OF ENERGY, WHICH ARE NEEDED BY THE WORLD ECONOMY IF FURTHER GROWTH IS TO BE ACHIEVED;
- THE PROBLEM FACING THE NON-OIL-PRODUCING DEVELOPING COUNTRIES, WHICH ARE AFFECTED TO AN ALARMING DEGREE BY THE CONSEQUENCES OF HIGHER OIL PRICES;
- THE PROBLEMS FACING THE WORLD ECONOMY CAUSED BY THE LARGE AND ABRUPT INCREASES IN OIL PRICES, WHICH HAVE SERIOUSLY AFFECTED ENERGY COSTS AND HAVE CAUSED CONSIDERABLE ECONOMIC AND FINANCIAL DIFFICULTIES FOR THE NON-OIL-PRODUCING COUNTRIES. IN PARTICULAR, SERIOUS PROBLEMS WILL ARISE IN WORLD TRADE AND IN FINANCING THE BALANCE-OF-PAYMENTS DEFICITS.

(2) IN ORDER TO MAKE AN EFFECTIVE CONTRIBUTION TO SOLVING THESE AND RELATED PROBLEMS,

WE ARE AT PRESENT STUDYING AMONG OTHERS THE FOLLOWING ASPECTS IN SPECIAL WORKING PARTIES, IN THE OECD AND IN OTHER INTERNATIONAL BODIES.

- WORLD ENERGY OUTLOOK
- CONSERVING ENERGY AND RESTRAINING DEMAND
- ACCELERATED DEVELOPMENT OF CONVENTIONAL ENERGY RESOURCES
- OIL SHARING IN EMERGENCIES
- INTERNATIONAL CO-OPERATION ON ENERGY RESEARCH AND DEVELOPMENT
- INTERNATIONAL CO-OPERATION ON URANIUM ENRICHMENT
- ECONOMIC AND MONETARY PROBLEMS
- THE ROLE OF INTERNATIONAL OIL COMPANIES.

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(3) THIS WORK IS BEING CONDUCTED SPEEDILY IN VIEW OF THE URGENCY OF THE PROBLEMS. THESE STUDIES ARE ALSO INTENDED AS PREPARATION FOR FAIR AND OPEN TALKS WITH THE PRODUCER COUNTRIES AND WITH THE OTHER CONSUMER COUNTRIES WITH THE AIM OF IDENTIFYING MUTUAL INTERESTS AND TRYING TO FIND SOLUTIONS TO THE PROBLEMS AT HAND.

(4) WITH THIS OBJECTIVE IN MIND, WE WELCOME THE VIEWS OF ALL OTHER COUNTRIES, BOTH PRODUCERS AND CONSUMERS, ON THE VARIOUS ASPECTS OF THE WORLD ENERGY PROBLEM, AS THEY MAY BE EXPRESSED THROUGH BILATERAL CONTACTS OR IN THE FORUM OF THE UN OR OTHER INTERNATIONAL ORGANIZATIONS. UNQUOTE.

8. IN REFERENCE TO QUESTIONS RAISED IN UK PAPER, CONSENSUS REACHED ON FOLLOWING INSTITUTIONAL/PROCEDURAL ISSUES AT UNGA SS:

A. WE SHOULD NOT SEEK TO HAVE ENERGY TOPICS SPECIFICALLY DEALT WITH AS A SEPARATE ITEM, BUT RATHER DISCUSSED AMONG OTHER RAW MATERIALS QUESTIONS.

B. WE DO NOT FAVOR ESTABLISHING NEW U.N. INSTITUTIONS. WE PREFER TO UTILIZE EXISTING BODIES, PERHAPS WITH EVENTUAL ASSISTANCE FROM A COORDINATING MECHANISM. WORK ON ENERGY PER SE SHOULD NOT BE GIVEN TO UNCTAD, WHICH REMAINS AN APPROPRIATE BODY FOR RAW MATERIAL AND DEVELOPMENT ISSUES.

C. IN ANY DECLARATION/RESOLUTIONS ADOPTED BY SPECIAL SESSION, ENERGY COULD BE MENTIONED BRIEFLY AND AMONG OTHER ISSUES.

D. WE DO NOT FAVOR THE ECG CONSUMER/PRODUCER CONFERENCE BEING CHARACTERIZED AS PART OF THE FOLLOW-UP TO THE UNGA SS.

9. QUESTION WHETHER ECG-12 SHOULD CAUCUS IN NEW YORK WAS MATTER OF SOME DEBATE WITH IRISH, NORWEGIANS AND DUTCH RESISTING SUCH MEETINGS ON GROUNDS IT WOULD SEEM SUSPICIOUS
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TO PRODUCERS AND OTHER CONSUMERS. US, FRG, AND OTHERS, ON OTHER HAND, ARGUED FOR PRESERVING OPTION TO MEET IN NEW YORK. IT WAS AGREED THAT ECG DELEGATIONS WOULD KEEP IN CONTACT TO EXCHANGE INFORMATION ON CONTACTS AND

NOT EXCLUDE POSSIBILITY OF MEETING IF CIRCUMSTANCES SHOULD WARRANT.

10. SPEAKING FOR EUROPEAN COMMUNITY; FRG REPRESENTATIVE REPORTED ON FOLLOWING EC GUIDELINES FOR UNGA SS POSITION WHICH WERE AGREED TO AT COUNCIL MEETING APRIL 1 - 2. FRG FOREIGN MINISTER SCHEEL WILL GIVE GENERAL STATEMENT ON BEHALF OF NINE. HE WILL DEAL ONLY INDIRECTLY WITH ENERGY, ON ASSUMPTION THAT FOCUS OF SESSION WILL BE ON RAW MATERIALS. EC'S INTEREST TO MAINTAIN AND INCREASE DEVELOPMENT ASSISTANCE WILL BE UNDERLINED. WILLINGNESS TO PARTICIPATE IN APPROPRIATE INTERNATIONAL EFFORTS WILL BE INDICATED BY EC. COUNTRIES WILL SPEAK INDIVIDUALLY ON BASIS OF COMMUNITY GUIDELINES.

11. PROGRESS REPORTS ON ECG WORK PROGRAM. REPORT ON CONSERVATION AND DEMAND RESTRAINT, ACCELERATED DEVELOPMENT OF CONVENTIONAL RESOURCES AND OIL SHARING PRESENTED BY LEAD COUNTRY REPRESENTATIVES TOYONAGA (JAPAN), DUPUY (CANADA) AND ITALIANER (NETHERLANDS), RESPECTIVELY. SINCE REPORTS PARALLEL AND DUPLICATE CABLED REPORTS BY USOECD, THEY WILL NOT BE ANALYZED HERE. DONALDSON NOTED NEED TO INTEGRATE THE EMERGENCY ASPECTS OF THESE THREE SUBJECTS AND SUGGESTED WANSINK (CHAIRMAN OF OECD OIL COMMITTEE), WHO ABSENT BECAUSE OF ILLNESS, BE INVITED TO BRIDGE THESE ACTIVITIES IN OECD TO PRODUCE INTEGRATED APPROACH ALONG LINES PROPOSED IN US OPENING STATEMENT.

12. ENERGY RESEARCH AND DEVELOPMENT. SCHMIDT-KUESTER (FRG), CHAIRMAN OF AD HOC GROUP REPORTED ON RESULTS OF FIRST TWO MEETINGS HELD IN MARCH. (RESULTS MARCH 14 MEETING CONTAINED IN PARA 2D BRUSSELS 1563, AND MARCH 25 MEETING IN BRUSSELS 1778.) SCHMIDT-KUESTER (S-K) SAID EC COMMISSION INFORMED HIM IT WOULD NOT BE ABLE TO PARTICIPATE IN GROUP'S WORK. HE NOTED THAT OECD SECRETARIAT HAD PROBLEM PROVIDING DOCUMENTS TO GROUP, BUT THAT PROF. OSHIMA OF OECD SECRETARIAT HAS PARTICIPATED AS OBSERVER. CONFIDENTIAL

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OECD REP.FAY CONCEDED "DIPLOMATIC PROBLEM", BUT MADE CLEAR SECRETARIAT'S READINESS TO COOPERATE WITH ECG WORK, AND SAID SECRETARY GENERAL HAD ALLOCATED ALL RESOURCES OF SECRETARIAT POSSIBLE TO WORK OF THIS AND OTHER GROUPS. FAY ALSO ANNOUNCED LANTZKE (FRG) APPOINTMENT TO OECD SECRETARIAT TO HEAD NEW ENERGY DIRECTORATE. BECAUSE OF OECD DOCUMENT PROBLEM, S-K SAID THAT GOVERNMENTS HAD BEEN REQUESTED TO PROVIDE GROUP WITH REPORTS ON NATIONAL ENERGY R&D PROGRAMS. A SUBGROUP CONSISTING OF US, UK, FRG, DENMARK, OECD, AND JAPAN WILL MEET IN JULICH, GERMANY, APRIL 4 TO 5 TO REVIEW MATERIAL SUBMITTED BY EACH NATION AND IDENTIFY FOR NEXT MEETING OF FULL WORKING GROUP (APRIL 8) NUMBER OF AREAS POTENTIALLY SUITABLE FOR INTERNATIONAL

COOPERATION. S-K REPORTED THAT PAPERS ON CRITERIA FOR SELECTION OF R&D PROJECTS (US) AND CONSTRAINTS ON INTERNATIONAL COOPERATION (UK) HAD BEEN DISCUSSED BRIEFLY AT MARCH 25 MEETING AND WOULD BE COMMENTED ON BY ALL DELEGATIONS IN WRITING. PRESENT SCHEDULE CALLS FOR MEETINGS APRIL 8 AND 25. OECD REPORT ON VARIOUS NATIONAL R&D PROGRAMS, SCHEDULED FOR COMPLETION MAY 9 OR 10, WILL BE MADE AVAILABLE TO GROUP TO ENABLE THEM TO COMPLETE PREPARATION OF REPORT BY LATE MAY. DURING INFORMAL DISCUSSIONS WITH S-K, DR. OMENN, REPRESENTING AEC CHAIRMAN RAY, REVIEWED VARIOUS ASPECTS OF NUCLEAR, SOLAR, AND SOLID WASTE CONVERSION PROGRAMS FOR ENERGY PRODUCTION. THEY AGREED THAT SUBGROUP AND AD HOC WORKING GROUP WILL ATTEMPT

TO IDENTIFY 3 TO 5 PROJECTS OF HIGHEST PRIORITY BOTH FOR TECHNOLOGICAL REASONS AND FOR POLITICAL APPEAL IN CONTEXT OF ECG FRAMEWORK.

13. URANIUM ENRICHMENT. AT CLOSE OF MARCH 13 - 14 ECG MEETING, BELGIANS HAD ENTERED RESERVE ON FURTHER URANIUM ENRICHMENT DISCUSSIONS IN ORDER PERMIT GOB "CONSULT" WITH EUROPEANS INVOLVED IN THIS AREA. WE LEARNED LATER THAT GOB WANTED DISCUSS WORK THIS GROUP WITH FRENCH GOVERNMENT, WITH WHOM BELGIANS ENGAGED IN EURODIF EXERCISE. AS EXPECTED, GOB LIFTED ITS RESERVATIONS, "HAVING COMPLETED ITS CONSULTATIONS." ACCORDINGLY, UNDER SECRETARY DONALDSON ISSUED INVITATION ON BEHALF OF DR. RAY, AS CHAIRMAN OF AD HOC GROUP, TO FIRST MEETING THIS GROUP SCHEDULED FOR CONFIDENTIAL

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MONDAY, APRIL 22, 1974, AT AEC WASHINGTON. INFORMATION ON ORGANIZATION OF MEETING WILL BE SENT ECG MEMBERS WHEN THEY HAVE ADVISED AEC OF NAMES THEIR REPRESENTATIVES.

14. ECONOMIC AND MONETARY MEASURES. VAN YPERSELE (BELGIUM) REPORTED ON WORK IN OTHER ORGANIZATIONS (POINTS 1 - 13 OF ECG/8). HIS PRESENTATION CONTAINED IN WRITTEN STATEMENT CARRIED TO WASHINGTON BY USDEL. TREASURY UNDER SECRETARY BENNETT (US) SUPPLEMENTED REPORT BY REVIEWING DISCUSSIONS OF RECENT C-20 DEPUTIES' MEETING IN WASHINGTON, MENTIONING ADVANCEMENT OF PROPOSAL FOR INTERIM PLEDGE AGAINST USE OF TRADE AND OTHER CURRENT ACCOUNT MEASURES FOR B/P PURPOSES AND CONSIDERATION OF C-20-LIKE GROUP IN AID FIELD MADE UP OF DONORS AND RECIPIENTS. LATTER IDEA CONTEMPLATED PARTICIPATION BY OIL PRODUCERS. GERMAN DELEGATION (MULLER-ENDERS) PRESENTED A PAPER ON POSSIBILITY OF SOME NEW INTERNATIONAL ENTITY TO FACILITATE THE FLOW OF INVESTMENT, ON ESSENTIALLY COMMERCIAL TERMS, FROM THE OIL PRODUCING COUNTRIES TO OTHER AREAS OF THE WORLD. WRITTEN COMMENTS ON THIS PAPER (CARRIED WASHINGTON BY USDEL) WERE REQUESTED TO BE SENT WITHIN TEN DAYS TO GERMAN MINISTRY OF FINANCE.

15. ROLE OF THE INTERNATIONAL OIL COMPANIES. LEAD COUNTRY CHAIRMAN RISTAGNO (ITALY) REPORTED ON RESULTS BRIEF MEETING OF THIS GROUP MARCH 14 AFTER ECG MEETING AND SUBSEQUENTLY ON APRIL 2. (DETAILED REPORT ON LATTER MEETING IN SEPTEL.) IN APRIL 2 MEETING, GROUP CONSIDERED PRELIMINARY PAPERS SUBMITTED BY US, ITALY AND FRG ON, RESPECTIVELY: EVOLVING ROLE OF COMPANIES, TRANSPARENCY AND RELATIONS BETWEEN INTERNATIONAL AND NATIONAL OIL COMPANIES. QUESTION AROSE WHETHER GROUP SHOULD PREPARE DESCRIPTIVE REPORT ONLY OR TRY TO SUGGEST TENTATIVE SOLUTIONS TO ISSUES WHICH EMERGED FROM PAPERS AND DISCUSSION.

GROUP UNABLE REACH FINAL CONCLUSIONS ON THIS AND DECIDED THAT PRELIMINARY PAPERS WOULD BE MERGED INTO SINGLE ONE, AMPLIFIED BY APRIL 2 DISCUSSION, TO SERVE AS BASIS FOR NEXT MEETING. ITALY VOLUNTEERED TO PREPARE PAPER (DENMARK AGREED TO ASSIST AND ASKED FOR COMMENTS AND ASSISTANCE OTHER DELEGATIONS. RISTAGNO HOPES COMPLETE NEW DRAFT IN ABOUT 10 TO 14 DAYS. GROUP AGREED HOLD NEXT MEETING MAY 1 PRIOR TO NEXT ECG. UK AND NETHERLANDS RECOGNIZED THAT SUBJECT WAS DIFFICULT ONE, BUT URGED THAT NEW PAPER FOCUS ON ISSUES POSED IN THREE PAPERS AND THE IMPLICATIONS OF THE CHANGING ROLE OF THE COMPANIES TO PROVIDE A BASIS FOR FULL DISCUSSION AT NEXT MEETING. BOTH SUGGESTED IT PREMATURE TO TRY TO FORMULATE CONCLUSIONS OR PRESCRIPTIONS FOR ACTION UNTIL ISSUES ARE FULLY EXPLORED.

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TANCE OTHER DELEGATIONS. RISTAGNO HOPES COMPLETE NEW DRAFT IN ABOUT 10 TO 14 DAYS. GROUP AGREED HOLD NEXT MEETING MAY 1 PRIOR TO NEXT ECG. UK AND NETHERLANDS RECOGNIZED THAT SUBJECT WAS DIFFICULT ONE, BUT URGED THAT NEW PAPER FOCUS ON ISSUES POSED IN THREE PAPERS AND THE IMPLICATIONS OF THE CHANGING ROLE OF THE COMPANIES TO PROVIDE A BASIS FOR FULL DISCUSSION AT NEXT MEETING. BOTH SUGGESTED IT PREMATURE TO TRY TO FORMULATE CONCLUSIONS OR PRESCRIPTIONS FOR ACTION UNTIL ISSUES ARE FULLY EXPLORED.

16. FUTURE MEETINGS.

A. DAVIGNON NOTED SUBSTANTIAL WORK WHICH NEEDS TO BE DONE TO ENSURE THAT NEXT MEETING ADDRESSES SUBSTANTIVE ISSUES INVOLVED IN PREPARATION FOR MEETING BETWEEN PRODUCERS AND CONSUMERS. HE CITED NEED FOR: FURTHER PROGRESS ON WORK ON SHARING PACKAGE IN OECD; REVIEW OF DEVELOPMENTS AT UNGA SPECIAL SESSION AND OF BILATERAL CONTACTS; TIME TO CONSIDER UNDER SECRETARY DONALDSON'S EFFORT TO RELATE THE WORK BEING DONE ON SHARING PACKAGE; UK TO RECEIVE COMMENTS ON AND REDRAFT ITS PAPER ON RELATIONS BETWEEN CONSUMERS, PRODUCERS AND LDC'S. HE PROPOSED NEXT MEETING BE DELAYED UNTIL MAY 2 - 3, THAT ECONOMIC AND FINANCIAL EXPERTS HOLD SEPARATE MEETING MAY 2 AND REPORT TO ECG MAY 3. DAVIGNON ALSO SUGGESTED THAT US CHAIR MEETING ON MAY 1 TO DISCUSS PAPER TO BE PROVIDED BY USG ON INTERNATIONAL PETROLEUM OUTLOOK. THESE DATES AND PROPOSALS WERE ALL AGREED TO BY GROUP.

B. TENTATIVE MAY 2 - 3 ECG AGENDA PROPOSED BY DAVIGNON:

(1) EVALUATION OF RESULTS OF UNGA SPECIAL SESSION
AND EXCHANGE OF INFORMATION ON BITLATERAL CONTACTS.

(2) PETROLEUM MARKET OUTLOOK (US PAPER).

(3) CONSUMER/PRODUCER RELATIONS (UK PAPER).

(4) OUTLOOK FOR ACCELERATED INDUSTRIALIZATION
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IN PRODUCING AREAS (FRG/JAPANESE PAPER).

(5) ECONOMIC AND FINANCIAL MATTERS.

(6) REPORTS BY WORKING GROUPS ON ACTIVITIES.

(NOTE: AGENDA PREPARED PRIOR TO DISCUSSION ON SHARING
PACKAGE BUT THIS WILL BE ADDED.)

C. FOLLOWING MEETING TENTATIVELY SET FOR JUNE 5 - 6.

17. FOLLOWING ARE WORK ASSIGNMENTS FOR USG:

A. COMMENTS ON UK PAPER IN ENERGY R&D GROUP ON
CONSTRAINTS ON COOPERATION TO BE SENT TO FRG BEFORE APRIL
25 MEETING OF THAT GROUP.

B. COMMENTS AND CONTRIBUTION TO PAPER BEING DRAFTED
BY ITALY ON ROLE OF OIL COMPANIES. TO BE SENT TO
GOI IN ROME WITHIN TWO WEEKS.

C. COMMENT ON FRG PAPER ON NEW FINANCIAL INSTITUTION
TO FACILITATE PRODUCING COUNTRY INVESTMENT (ECON/FIN
MEASURES, ITEM 14 IN TERMS OF REFERENCE) TO BE FORWARDED
TO FRG FINANCE MINISTRY IN BONN BY APRIL 20.

D. COMMENTS ON FRG/JAPANESE TEXT ON ACCELERATED
INDUSTRIALIZATION IN PRODUCING AREAS (REVISED TEXT
BEING HAND-CARRIED TO WASHINGTON BY USDEL) TO BE SENT TO
TOKYO AND BONN BY APRIL 20.

E. CONTRIBUTION AND COMMENTS ON PARAS 7 - 8 OF UK
PAPER ON PRODUCER/CONSUMER RELATIONS (LONDON 3970) BY
APRIL 20.

F. US PAPER ON SHORT, MEDIUM AND LONG-TERM OUTLOOK
OF INTERNATIONAL PETROLEUM MARKET TO BE DISTRIBUTED TO
ALL ECG MEMBERS PRIOR TO MAY 1 MEETING. RUSH

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Message Attributes

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Draft Date: 06 APR 1974
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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Enclosure: DG ALTERED
Executive Order: 11652 EXEMPT
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Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ENERGY COORDINATING GROUP MEETS IN BRUSSELS, APRIL 3 - 4
TAGS: ENRG, ECON, BE
To: OSLO
PARIS
OTTAWA
BONN
ROME
TOKYO
THE HAGUE

LONDON
COPENHAGEN
DUBLIN
LUXEMBOURG
OECD PARIS
EC BRUSSELS
BRUSSELS
VIENNA
CANBERRA
ATHENS
REYKJAVIK
WELLINGTON
LISBON
MADRID
STOCKHOLM
BERN
ANKARA
BELGRADE INFO BEIRUT
TEHRAN
JIDDA
KUWAIT
TRIPOLI
USUN N Y
ALGIERS
CARACAS
LAGOS
QUITO
JAKARTA
LIBREVELLE
ABU DHABI
Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005